

Amendment No. 1 to SB0852

**Southerland
Signature of Sponsor**

AMEND Senate Bill No. 852*

House Bill No. 1272

by adding the following as a new subdivision in Section 3:

() "Federal funds" means any incentive received, or to be received, from the federal government, including, but not limited to, grants, rebates, tax credits and loans; AND FURTHER AMEND by deleting the language "EPA or CARB" from subdivision (3) in Section 3 and substituting the language "United States environmental protection agency ("EPA") or California air resources board ("CARB").

AND FURTHER AMEND by deleting Section 4 and substituting the following:

SECTION 4. There is hereby created in the state treasury a fund to be known as the "Energy Independence Fund." Moneys in the energy independence fund, upon appropriation by the general assembly, shall be used by the department to make grants as authorized by this chapter. Amounts remaining in the fund at the end of each fiscal year shall not revert to the general fund. Money in the fund shall be invested by the state treasurer pursuant to title 9, chapter 4, part 6 for the sole benefit of the fund. All earnings attributable to such investments shall be credited to the energy independence fund.

AND FURTHER AMEND by deleting Section 5 in its entirety and substituting the following:

SECTION 5.

(a) The natural gas energy independence program is hereby established. The purpose of the program is to fund projects under this chapter.

(b) Funds appropriated to the department in the energy independence fund shall be utilized for competitive grants to eligible applicants for the conversion or purchase of

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vehicles as described in subdivision (b)(1). In order to be eligible to receive a grant, an eligible applicant shall submit all of the following information to the department:

(1) A plan to convert three (3) or more fleet vehicles into eligible vehicles or to purchase three (3) or more eligible vehicles. The plan must include the construction and utilization of a new natural gas fueling station in Tennessee or the utilization of an existing natural gas fueling station;

(2) A statement of the projected usage of natural gas stated in gasoline or diesel gallon equivalents and the projected annual fuel cost savings or cost avoidance to be accompanied by the methodology utilized and a description of how the project will increase use of domestic natural gas in Tennessee;

(3) The cost of the project;

(4) The source and amount of any funds to be contributed by the eligible applicant;

(5) A statement of the eligible applicant's intent to maintain operations in Tennessee for a period of not less than six (6) years from the start date;

(6) A statement that all of the eligible vehicles purchased with the grant will be registered in Tennessee;

(7) Disclosure of the utilization of federal funds on the project to the extent that federal funds are available; and

(8) Whether or not the project includes the utilization of a natural gas fueling facility that is accessible to the public.

(c) Grant funds issued under this section shall be used in accordance with guidelines promulgated by the department. The guidelines shall:

(1) Restrict each grant for an eligible vehicle to cover no more than fifty percent (50%) of the incremental purchase cost;

(2) Limit the amount of the grant so that it shall not exceed twenty-five thousand dollars (\$25,000) for each fleet vehicle;

(3) In the case of grants awarded for eligible vehicles, provide for annual reporting to the department by the eligible applicant demonstrating the usage of compressed natural gas for a period not to exceed four (4) years after the start date. Such reporting may include, but is not limited to, gallons purchased, purchase price, miles driven, driving or route habits, metrics regarding greenhouse gas offset, leveraged funds, savings or cost avoidance, and how any savings or cost avoidance has been or will be applied, such as the purchase of more vehicles powered by natural gas, funding of new jobs, or continued funding of existing jobs. The department is authorized to expand the reporting requirements and to determine the supporting documentation required for such reports. Failure to provide reports to the department in a timely manner constitutes a breach of the grant agreement and, in the case of such a breach, the department is authorized to recoup any grant funds expended to an eligible applicant;

(4) Provide for procedures and documentation for reimbursement of eligible costs to applicants. No advance funding is permitted under this section; and

(5) Require each eligible vehicle for which a grant is awarded to comply with all federal and state safety requirements, including rules and regulations promulgated by the environmental protection agency.

(d) An applicant shall submit an application including supporting information as required by the department.

(e) The department shall review and prepare an assessment of each application and determine which projects will best utilize and promote the use of domestically produced natural gas in this state.

(f) In the event that the number of applications exceeds the available funding, the department may limit the number of eligible vehicles per applicant.

(g) The cost of administering the natural gas energy independence program shall initially be paid from the funds remaining within the Tennessee biodiesel manufacturers incentive fund as of December 31, 2012. Once those funds have been exhausted, the cost of administering the program shall be paid from the funds that are appropriated specifically for the program.

(h) The department shall create a report on the usage of the program by November 1, 2014. The report shall be published and maintained on the department's official web site and shall include a list of all grants approved during the previous fiscal year, including the amount of each grant and a description of each approved project; and:

(1) For completed projects, the actual domestic energy benefits to date and the methods used to determine actual benefits. "Completed projects" include those projects for which the annual report required by subdivision (c)(3) has been submitted; or

(2) For projects in progress, the estimated domestic energy benefits to date for all projects and the methods used to determine estimated benefits. "Projects in progress" include those projects that have been awarded grants but whose annual reporting requirements have yet to be triggered.

AND FURTHER AMEND by deleting the language "Tennessee Code Annotated, Section 4-3-1009" in the directory language of Section 6 and substituting the language "Tennessee Code Annotated, Section 4-3-1109".

AND FURTHER AMEND by deleting subsection (d) in Section 6 and substituting the following:

(d) For purchases of vehicles that are not passenger motor vehicles, including cargo vans, trucks, and sport utility vehicles, the department shall ensure that at least twenty-five percent (25%) of newly purchased vehicles are vehicles powered by natural gas, provided that such vehicles and fueling infrastructure are available at the time of procurement.

AND FURTHER AMEND by deleting the first sentence of subsection (f) in Section 8 and substituting the following:

The general assembly finds that any public utility property or commercial and industrial property that is used to engage in the fueling of natural gas vehicles and that is a certified alternative fueling site as described in the definition of "certified green energy production facility" in § 67-4-2004, is generally capable of fueling fewer types of vehicles due to limited availability from original equipment manufacturers, that use of such alternative, domestically produced transportation fuels should be encouraged to improve air quality and to enhance our nation's energy security, and immediate economic value for all purposes under this chapter should not initially exceed thirty percent (30%) of its total installed costs.

AND FURTHER AMEND by adding the following new sections immediately preceding the last section and by renumbering the subsequent section accordingly:

SECTION _____. Tennessee Code Annotated, Section 4-22-101, is amended by deleting the term "fuel-efficient" wherever it appears in the section and substituting the term "energy-efficient motor vehicle", and by deleting subsection (d) and substituting the following:

(d) For purposes of this section:

(1) "Motor vehicle" means a self-propelled vehicle licensed for highway use; and

(2) "Energy-efficient motor vehicle" means a passenger motor vehicle that is:

(A) An alternative fuel vehicle as defined by the Energy Policy Act of 1992 (P.L. 102-486);

(B) A flexible fuel vehicle (FFV) utilizing ethanol, biodiesel, or any other commercially available alternative fuel approved by the United States department of energy;

(C) A hybrid-electric vehicle (HEV);

(D) A compact fuel-efficient vehicle, defined as a vehicle powered by unleaded gasoline that has a United States EPA estimated highway gasoline mileage rating of at least twenty-five miles per gallon (25 mpg) or greater for the model year purchased;

(E) An electric vehicle (EV);

(F) A vehicle powered by natural gas; or

(G) A vehicle powered by ultra low sulfur diesel fuel that meets Bin 5, Tier II emission standards mandated by the EPA and that has an EPA-estimated highway mileage rating of at least thirty miles per gallon (30 mpg) or greater for the model year purchased.

SECTION _____. The provisions of Sections 2 through 5 of this act shall not be construed to be an appropriation of funds and no funds shall be obligated or expended

pursuant to Sections 2 through 5 of this act unless such funds are specifically appropriated by the general appropriations act.

SECTION _____. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.